



Finance, Revenue and Bonding Committee

March 2, 2018

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 96% of Connecticut's population. We appreciate the opportunity to testify on bills of interest to towns and cities.

SB 11 "An Act Concerning Connecticut's Response to Federal Tax Reform"

Thank you for the opportunity to offer comments on **SB-11**. It is a creative way to address the recent tax code changes enacted with the passage of the federal tax reform law.

Specifically, Sec. 10 allows municipalities to, upon approval by its legislative body, provide for a residential property tax credit. The municipality would determine the amount of the tax credit, but the amount of the voluntary, unrestricted and irrevocable cash donation could not exceed the amount of voluntary, unrestricted and irrevocable cash donations made by or on behalf of the owner of a residential property located in the municipality to a community supporting organization during the calendar year preceding the year in which an application for such tax credit is filed. To be a community supporting organization, the town must approve it by ordinance.

While we are appreciative of the Governor for thinking outside the box and looking to help residential property tax payers in light of the federal government capping the State and Local Tax deduction at \$10,000, we, as an organization, strongly support efforts to enact real property tax reform. Connecticut's property tax is uncompetitive nationally and the federal tax reform bill makes it even more so.

Trying to work around our overly burdened property tax system is not sustainable. Now more than ever, Connecticut must provide cities and towns with the tools to be successful: Revenue diversification, meaningful cost containment measures and enhanced opportunities for shared services. Many of our ideas are shared in our report, *This Report is Different* as well as the *Commission on Fiscal Stability and Economic Growth's* report released yesterday.

There are many questions on how this proposal will work due to its complex nature, including determining how the IRS will view this system and what will happen to taxpayers and donors

should the IRS rule against this arrangement after it has been implemented. The ideas presented in SB 11 are worth exploring further until we can enact real property tax reform in Connecticut, which will help facilitate the creation of sustainable and vibrant communities.

For these reasons, CCM is generally supportive of SB 11 as a short term fix to address the federal tax reform law, but we encourage the Committee members to continue its efforts on making Connecticut's towns and cities less reliant on the property tax.

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If you have any questions, please contact Brian O'Connor, Director of Public Policy of CCM at bocconnor@ccm-ct.org or (203) 804-4658.